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NEW UNITED MOTOR MANUFACTURING, INC.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

**MOTORS LIQUIDATION COMPANY, *et al.*,
f/k/a General Motors Corp., *et al.***

Debtors.

Chapter 11 Case No.: 09-50026 (REG)

(Jointly Administered)

**DECLARATION OF MITSUNORI
TSUZUKI IN SUPPORT OF INITIAL
RESPONSE TO THE DEBTORS'
OBJECTION TO PROOF OF CLAIM
67357 FILED BY NEW UNITED
MOTOR MANUFACTURING, INC.**

I, Mitsunori Tsuzuki, hereby declare as follows:

1. I am a Senior Advisor at New United Motor Manufacturing, Inc. (“NUMMI”), the creditor for Proof of Claim 67357. In my role as a Senior Advisor, I work on many different aspects of the business, including on legal matters that affect NUMMI, from contract disputes with vendors to

corporate governance functions and corporate planning. I am also responsible for NUMMI's communications and external affairs department and privacy issues. I have reviewed the various contracts between General Motors Corporation, now known as Motors Liquidation Company ("MLC"), Toyota Motor Corporation ("TMC") and NUMMI. I have also been involved in discussions between the parties regarding the events leading up to MLC's decisions to exit its management role in NUMMI and to not participate in NUMMI's wind down. I am a member of the NUMMI management team working to wind down NUMMI.

2. NUMMI filed its Proof of Claim on November 24, 2009.

3. MLC ended its participation in NUMMI in 2009. Its withdrawal has required NUMMI to wind down because it is no longer able to function as a collaborative enterprise. NUMMI has not yet recovered certain capital expenditures it made in 2006 for a new automobile model that MLC agreed to purchase through 2012. MLC has refused to contribute to the costs of NUMMI's wind down. TMC is actively participating in NUMMI's wind down by continuing to have representatives on NUMMI's board, by participating in NUMMI's decision-making processes and by providing financial assistance to NUMMI.

4. I submit this declaration in support of NUMMI's Initial Response to Debtors' Objection to Proof of Claim 67357 Filed By New United Motor Manufacturing, Inc. This declaration provides (1) background on the formation of NUMMI and the longstanding and collaborative relationship between the parties, (2) an overview of NUMMI's unique production model, (3) a description of the production cycle the parties entered into in 2006, (4) a summary of events leading to MLC's withdrawal from NUMMI and (5) facts related to NUMMI's ongoing wind down.

5. I have personal knowledge of the facts set forth herein, except as to those stated on information and belief, and, as to those, I am informed and believe them to be true. If called as a witness, I could and would competently testify to the matters stated herein.

I. FORMATION OF NUMMI

6. In 1982, MLC closed its manufacturing plant in Fremont, California during a period of hardship for the company.

7. After MLC closed its Fremont plant, MLC and TMC began discussions about restarting automobile manufacturing at the Fremont location through NUMMI. The goal was to provide MLC with vehicles for the American market. Another purpose for NUMMI was to help MLC by introducing it to the TMC production system and a teamwork-based production environment. MLC and TMC referred to NUMMI as their “partnership” and “friendship.”

8. In 1983, MLC and TMC signed a Memorandum Of Understanding (the “**1983 MOU**”) as the basis for NUMMI. A true and correct copy of the 1983 MOU is attached hereto as Exhibit A.

9. MLC and TMC signed a Shareholders’ Agreement in 1984. A true and correct copy of the Shareholders’ Agreement is attached hereto as Exhibit B.

10. In 1984, the parties also entered into a series of other agreements to facilitate information sharing between TMC and MLC. A true and correct copy of the Vehicle License Agreement is attached hereto as Exhibit C. A true and correct copy of the Memorandum Of Technical Assistance is attached hereto as Exhibit D. A true and correct copy of the Service Parts License Agreement is attached hereto as Exhibit E.

11. NUMMI is located in Fremont, California and is 5.5 million square feet on approximately 380 acres. NUMMI’s core values were based on five cornerstones: teamwork, challenge, kaizen (“improvement”), respect and genchi genbutsu (“go and see” or the principle that in order to understand and improve production processes, one needs to closely observe and study them).

II. NUMMI'S UNIQUE PRODUCTION MODEL

12. From 1984 to June 2009—when MLC withdrew from NUMMI and rejected its contracts with NUMMI—NUMMI produced millions of vehicles. MLC, TMC and NUMMI worked to develop a new vehicle model every four years. Then, every two years, NUMMI would implement a set of model upgrades to the existing model. Through this production cycle, MLC and TMC were able to bring new models to market every other year.

13. To support the production of MLC's and TMC's vehicles, NUMMI made significant capital expenditures for each production cycle. These expenditures included separate categories for model-specific machinery and equipment, furniture and fixtures, computer hardware and software, platform tooling and other tooling.

14. NUMMI produced many award-winning vehicles, including the Toyota Corolla, the Toyota Tacoma truck and the Pontiac Vibe.

15. NUMMI received over 50 corporate and quality awards from organizations and agencies including the United States Environmental Protection Agency, the California Integrated Waste Management Board and J.D. Power and Associates.

16. Just as NUMMI's production process emphasized teamwork, the business mechanism that calibrated NUMMI's production levels and pricing structure was a true collaboration between MLC, TMC and NUMMI.

17. NUMMI's operations were governed by the Vehicle Supply Agreement (the "VSA"), which MLC, TMC and NUMMI signed in 1984 and repeatedly renewed. A true and correct copy of the VSA (with its amendments) is attached hereto as Exhibit F. Later, NUMMI began producing vehicles for TMC as well as MLC. NUMMI's production levels were consistently above the VSA's 200,000 vehicles-per-year benchmark.

18. To implement the VSA, MLC and NUMMI agreed to various production and pricing

procedures, including a “purchase procedures manual pursuant to which specific delivery, packaging and other procedures relating to the supply and purchase of the Products” (the “**Purchase Procedures Manual**”) and the Manual For Allocation Of NUMMI Production (the “**Manual Of Allocation**”). (Ex. F at § 3.4.) A true and correct copy of the Manual Of Allocation is attached hereto as Exhibit G. A true and correct copy of the Purchase Procedures Manual is attached hereto as Exhibit H.

19. Pursuant to these agreements, the parties met on a bi-monthly or quarterly basis to set production levels and allocate vehicles to MLC and TMC (each a “**Three-Party Meeting**”).

20. In addition to setting NUMMI’s production levels, the Three-Party Meetings were strategy sessions. The parties discussed NUMMI’s financial results, vehicle specifications, overall productivity, capital projects and labor issues, among other topics. MLC and TMC often assessed NUMMI’s performance, expressed views regarding how NUMMI fit with their respective businesses and made new proposals for NUMMI’s product line.

21. MLC also helped develop NUMMI’s long-term business plans. At the Three-Party Meetings, MLC reviewed long-term financial projections for NUMMI, some of which were presented to NUMMI’s board of directors. These four to five year projections were often collaborations based on the parties’ anticipated production metrics and marketing plans.

22. MLC made additional capital contributions when NUMMI encountered financial difficulties. These contributions were made through amendments to the Subscription Agreement between MLC and TMC. A true and correct copy of the first Amendment to the Subscription Agreement is attached hereto as Exhibit I. A true and correct copy of the Second Amendment to the Subscription Agreement is attached hereto as Exhibit J.

III. THE PONTIAC VIBE PRODUCTION CYCLE

23. In 2005, MLC, TMC and NUMMI embarked on what would be their final major

model upgrade: the Pontiac Vibe (the “**Vibe**”). The Vibe was a compact four-door hatchback car marketed under MLC’s Pontiac brand. It first came on the market in 2002 and was generally targeted to younger buyers due, in part, to its “sports utility vehicle”-like features. The Vibe was the counterpart to the TMC Matrix, which was based on TMC’s Corolla platform.

24. At a Three-Party Meeting in December 2005, MLC promised that if NUMMI developed the Vibe, MLC would purchase enough of them to keep NUMMI viable through 2012. Specifically, MLC represented that it would purchase a total of 325,000 Vibs from 2008 to 2012.

25. NUMMI made significant investments to support production of the Vibe. It developed new equipment, machinery and tooling to produce the Vibe, purchased raw materials, installed a modified production line for the Vibe in its factory and hired and trained employees for Vibe production. Capital expenditures for the latest generation of MLC and TMC vehicles, including the Vibe, exceeded \$1.6 billion. This amount consisted of, among other items, nearly \$700 million for machinery and equipment, approximately \$200 million for platform tooling and over \$30 million for computer hardware and software.

26. The parties entered into in a Memorandum Of Understanding, dated March 22, 2006, regarding the Vibe model (the “**2006 MOU**”). A true and correct copy of the 2006 MOU is attached hereto as Exhibit K.

27. Based on MLC’s promises and in anticipation of the Vibe production under the 2006 MOU, NUMMI made significant capital expenditures.

28. MLC renewed its commitment in the 2006 MOU through separate discussions in 2007 and 2008 about Vibe production and NUMMI’s overall viability. MLC purchased approximately 60,000 Vibs in 2006 and 50,000 Vibs in 2007. When MLC asked for pricing support in 2006,

MLC promised to maintain a sales level of at least 47,000 vehicles per year for 2007 and 2008. MLC purchased over 70,000 Vibe in 2008.

29. MLC supported NUMMI under the 2006 MOU. For example, when NUMMI informed MLC and TMC in early 2008 that the Vibe model was losing money for NUMMI, MLC agreed to help close the gap by increasing the “transfer price” it paid for each Vibe by \$1,000—a \$65 million yearly contribution. MLC did so even though it raised concerns that NUMMI could not be self-sufficient and directed the parties to formulate a “viability plan.”

30. MLC repeatedly acknowledged the benefits it received from NUMMI. Over the years, MLC personnel were constantly at NUMMI’s plant, studying NUMMI and applying its lessons to MLC’s other factories. At a special meeting in 2009, MLC summarized its history with NUMMI by stating that it had gained “billions of dollars worth of learnings” from NUMMI.

IV. MLC WITHDRAWS FROM NUMMI

31. As MLC continued with its restructuring in the spring of 2009, it reaffirmed its commitment to NUMMI even though it said it was considering cancelling the Pontiac brand. A true and correct copy of an April 21, 2009 letter on this subject from MLC to NUMMI is attached hereto as Exhibit L.

32. On April 27, 2009, MLC announced that it was discontinuing Pontiac. Around this time, MLC confirmed that it was still committed to NUMMI and stated that it would explore alternatives to the Vibe for NUMMI to produce. A true and correct copy of a May 4, 2009 letter from MLC to NUMMI about the Pontiac cancellation and NUMMI is attached hereto as Exhibit M.

33. MLC reaffirmed its commitment to NUMMI in subsequent letters to TMC. A true and correct copy of a May 11, 2009 letter from MLC to TMC is attached hereto as Exhibit N. A true and correct copy of a May 14, 2009 letter from MLC to TMC is attached hereto as Exhibit O.

34. NUMMI engaged in good faith discussions with MLC about re-branding the Vibe to

another MLC brand. NUMMI and MLC likely could have reached a beneficial agreement on a substitute for the Vibe that would have met MLC's needs and kept NUMMI in business.

35. On May 21, 2009, MLC said that it would not continue to explore possibilities for NUMMI to continue to produce the Vibe or a similar product. Instead, MLC proposed that NUMMI manufacture a version of the Toyota Tacoma—an award-winning light truck that NUMMI had been building for TMC since 1995—for MLC. MLC made agreeing on a MLC version of the Tacoma as a precondition to NUMMI's continued existence. A true and correct copy of a May 21, 2009 letter from MLC to TMC about these issues is attached hereto as Exhibit P.

36. On June 4, 2009, as the parties discussed MLC's Tacoma proposal, MLC informed TMC and NUMMI that it would discontinue Vibe purchases in August 2010. On June 12, MLC moved that date up to August 2009. MLC also set a June 25 deadline for a decision on the MLC Tacoma. A true and correct copy of slides used at a June 12, 2009 special meeting between MLC and TMC regarding NUMMI is attached hereto as Exhibit Q.

37. NUMMI informed MLC that, regardless of the Tacoma project, it was unlikely to remain viable without Vibe production. NUMMI was prepared to continue Vibe production and meet all of its other obligations to MLC and TMC.

38. A true and correct copy of minutes from the June 12, 2009 special meeting between MLC and TMC regarding NUMMI is attached hereto as Exhibit R.

39. On June 26, 2009, MLC announced that it would withdraw from NUMMI. NUMMI produced its last Vibe in the beginning of August and MLC's board appointees resigned on August 12, 2009.

40. MLC has not participated in NUMMI's operations, purchased any NUMMI vehicles or provided it with funding since August 2009.

41. NUMMI has not recouped over \$120 million in capital outlays made for Vibe production under the 2006 MOU.

V. NUMMI'S WIND DOWN

42. MLC's decision to exit NUMMI ended its collaborative management structure.

43. Two weeks after MLC's board members resigned from NUMMI, TMC announced that it would stop NUMMI's production of TMC vehicles in March 2010.

44. NUMMI produced its last automobile on April 1, 2010. Over 4,500 employees have lost or will lose their jobs. NUMMI is currently working to ensure that its pension program is funded. NUMMI also potentially faces considerable claims from third party suppliers and other vendors.

45. NUMMI's total wind down costs potentially could be well in excess of \$500 million. MLC's allocated portion of NUMMI's wind down costs likely will exceed \$200 million. Significant drivers of the total potential wind down costs include funding workers' compensation claims, defined pension plan funds, land and building clean up, post-production operational wind down costs and potential product liability claims.

46. TMC is participating in NUMMI's wind down. TMC's appointees remain on NUMMI's board, its representatives are assisting in the NUMMI plant closure and it is providing financial assistance to NUMMI for the wind down.

I hereby swear that the foregoing is true and correct.

May 24, 2010
Fremont, California

/s/ Mitsunori Tsuzuki
Mitsunori Tsuzuki